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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9846]

RIN 1545-BO51

Regulations Regarding the Transition Tax Under Section 965 and Related Provisions; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations; correction.

SUMMARY: This document contains a correction to final regulations (TD 9846) that were published in the **Federal Register** on Tuesday, February 5, 2019 (84 FR 1838).

The final regulations implement section 965 of the Internal Revenue Code (the “Code”).

Section 965 was amended by the Tax Cuts and Job Act, which was enacted on

December 22, 2017.

DATES: This correction is effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

FOR FURTHER INFORMATION CONTACT: Natalie Punchak at (202) 317-6934 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9846) that are the subject of this correction are issued under section 965 of the Code.

Need for Correction

As published, the final regulations (TD 9846) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the final regulations (TD 9846), that are the subject of FR Doc. 2019-00265, are corrected as follows:

On page 1874, in the preamble, the second column, under the caption “**Special Analyses**,” is amended by adding section VI. to read as follows:

VI. Congressional Review Act

The Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget has determined that this is a major rule for purposes of the Congressional Review Act (5 U.S.C. 801 et. seq.) (“CRA”). Under section 801(3) of the CRA, a major rule takes effect 60 days after the rule is published in the **Federal Register**. Notwithstanding this requirement, section 808(2) of the CRA allows agencies to dispense with the requirements of 801 when the agency for good cause finds that such procedure would be impracticable, unnecessary, or contrary to the public interest and the rule shall take effect at such time as the agency promulgating the rule determines.

Pursuant to section 808(2) of the CRA, the Treasury Department and the IRS find, for good cause, that a 60-day delay in the effective date is unnecessary and contrary to the public interest. The Treasury Department and the IRS have determined that the rules in this Treasury decision shall take effect on December 22, 2017.

December 22, 2017, is the date that section 965 in its current form was enacted.

Section 965 applies to the last taxable year of foreign corporations that began before

January 1, 2018, and to the taxable years of United States persons in which such taxable years of foreign corporations end. This means that the statute is currently effective, and taxpayers may be required to make payments under section 965 on a U.S. federal income tax return for 2017 or 2018 tax years. These final regulations provide crucial guidance for taxpayers on how to apply the rules of section 965, correctly calculate their liability under section 965, and accurately file their U.S. Federal income tax returns. Because the statute already requires taxpayers to comply with section 965, a 60-day delay in the effective date is unnecessary and contrary to the public interest.

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